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TAYLORSVILLE SAVINGS BANK, SSB

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Department of Labor
Pension and Welfare Benefits Administration
200 Constitution Avenue, NW
Room North 5677
Washington, DC 20001

Registration Statement

Salary Continuation
Of
Taylorsville Savings Bank, SSB
Taylorsville, North Carolina

- 1) *Taylorsville Savings Bank, SSB*
112 Main Avenue Drive, SE
Taylorsville, NC 28681-2524
- 2) Employer Identification Number ~ 56-0425630
- 3) This registration statement is to declare that Taylorsville Savings Bank, SSB maintains a Salary Continuation plan primarily for the purpose of providing deferred compensation for a select group of employees.
- 3) Taylorsville Savings Bank, SSB currently maintains *one* such plan with *twenty-eight (28)* employees.
- 4) Document (agreement) attached to this registration statement.

January, 15, 2001
Date

By: Timothy H. Keenan *President*
Taylorsville Savings Bank, SSB

Main Office
112 Main Ave. Dr. S.E.
Taylorsville, NC 28681
(828) 632-4228

Bethlehem Office
Hwy 127 N. P.O. Box 6103
Bethlehem, NC 28601
(828) 495-8201

Hiddenite Office
P.O. Box 254
Hiddenite, NC 28636
(828) 632-4157

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January, 15, 2001
Date

By: _____ *President*
Taylorsville Savings Bank, SSB

**SELECTED EMPLOYEE RETIREMENT PLAN AGREEMENT
FOR TAYLORSVILLE SAVINGS BANK**

THIS AGREEMENT entered into this **1st** day of **October, 2000** between **Taylorsville Savings Bank, SSB** having its principal office in **Taylorsville, North Carolina** (hereinafter referred to as the "Bank") and _____, who is a resident of Alexander County, North Carolina (hereinafter individually referred to as the "Employee").

WITNESSETH

WHEREAS, the Employee has loyally and faithfully served the Bank for not less than one (1) year, full-time;

AND WHEREAS, it is the intent of the Bank to compensate the Employee for his/her past services to the Bank, and to provide incentive for the Employees' continued service to the Bank to insure the continued success of the Bank and to provide the Bank with the benefit of the expertise and experience of the Employee;

AND WHEREAS, in consideration of the loyal and faithful service of the Employee over the years, and their rendering of such valuable service to the Bank, it is the desire of the Bank to assist the Employee in providing for the contingencies of retirement and death;

NOW, THEREFORE, in consideration of the premises contained herein, the parties hereto mutually agree as follows:

1. Retirement Benefit:

Beginning on the first day of the month following the attainment of age 65 (hereinafter referred to as the "Normal Retirement Date"), the Bank will commence to pay to the Employee, One Thousand Dollars (\$1,000.00) per month for a continued period of 120 months (or ten (10) years).

In the event that an Employee should die after becoming entitled to receive said monthly retirement benefit installments, but before any or all of said installments have been paid, the provisions of Section 2 below shall control the same as if the Employee had died while continuing to serve as an Employee. Any amounts already paid to the Employee under this Section shall reduce the death benefit to be paid under Section 2 below.

2. Death Benefit:

Should an Employee die while in the Employment of the Bank, the Bank (beginning at a date to be determined by the Bank but within six (6) months from the date of such death) will commence to pay One Thousand Dollars (\$1,000.00) per

month for a continuous period of 120 months (or ten (10) years) to such beneficiary or beneficiaries as the Employee has directed by filing with the Bank a notice in writing. Irrespective of the above, however, if the Employee dies as result of suicide within two years of the execution of this agreement, no death benefit shall be payable. A copy of the Beneficiary Designation Form is attached as an Exhibit to this Agreement. Any amount payable under this Section shall be reduced by any retirement payments already paid under Section 1.

3. Vesting:

An Employee is considered vested after 30 years of service to the Bank *and* at the attainment of age 55. Any employee coming into the plan after October 2000, must meet *both* the 30 year tenure and attained age 55 to be eligible for this benefit.

4. Vesting on Termination of Employment:

If, after 30 years of service to the bank, the Employee terminates his Employment, after the vesting period and the attained age of 55, for reasons other than death, he or his beneficiary, as applicable, shall be entitled at his Normal Retirement Date (age 65, or at an earlier requested retirement date), or his prior death, to the retirement benefits stated in Section 2 of this Agreement.

However, should the Employee's termination of Employment occur after any "Successor" to the company shall occur, the employee shall be 100% vested in the retirement benefits stated in Section 1 of this agreement regardless of his years of service. As used in this agreement the term "Successor" shall include any person, firm, Company or other business entity which at anytime, whether by merger, purchase or otherwise, acquires all or substantially all of the Corporation's assets or business.

5. Disability:

An Employee who, because of disability, has no compensation continuity from the Bank, will receive no credit towards the required thirty (30) year tenure during that period of disability.

6. General Provisions:

A. Except as otherwise provided by this Agreement, it is agreed that neither the Employee, nor his/her beneficiary shall have any right to commute, sell, assign, transfer or otherwise convey the right to receive any payments and the right thereto are expressly declared to be nonassignable and nontransferable.

B. The benefits payable under this Agreement shall be independent of, and in addition to, any other employment agreements that may exist from time to time between the parties hereto, concerning any other compensation payable by the Bank to the Employee whether as salary, bonus, or otherwise.

This Agreement shall not be deemed to constitute a contract of employment between the parties hereto, nor shall any provision hereof restrict the right of the Bank to discharge the Employee with good cause or restrict the right of the Employee to terminate his Employment of the Bank, but shall be, and remain, a general, unpledged, unrestricted asset of the Bank.

C. The rights of the Employee under this Agreement and of any beneficiary of the Employee shall be solely those of an unsecured creditor of the Bank. Any asset acquired by the Bank in connection with the liabilities assumed by it hereunder, shall not be deemed to be held under any trust for the benefit of the Employee or his beneficiaries or to be considered security for the performance of the obligations of the Bank, but shall be, and remain, a general, unpledged, unrestricted asset of the Bank.

The Bank may purchase a life insurance policy or policies to aid the Bank in meeting its obligations under this agreement. The Employee shall have no rights, ownership, or beneficial interest in any such policy or policies which may be purchased by the Bank on his life. Should the Bank purchase any insurance policy or policies on the life of the Employee, such policy or policies shall in no way be deemed to constitute collateral or security for this Agreement and this Agreement shall remain an unsecured promise to pay.

D. The Bank hereby reserves the right to accelerate the payments specified in Sections 1, 2, 3 and 4 above without the consent of the Employee, his estate, beneficiaries, or any other person claiming through or under him.

E. In the event the financial condition of the Bank deteriorates to the point that under applicable regulatory authority the continued payment of the amounts due under this Agreement would be considered imprudent, the Bank reserves the right and authority to modify, amend or terminate the terms of the Agreement as may be required in the best interests of the Bank.

F. The Bank agrees that it will not merge or consolidate with any other Bank or organization, or permit its business activities to be taken over by any other organization unless and until the succeeding or continuing Bank or other organization shall expressly assume the rights and obligations of the Bank herein set forth. The Bank further agrees that it will not cease its business activities or terminate its existence, other than as heretofore set forth in this Section, without having made adequate provision for the fulfilling of its obligations hereunder.

G. This agreement shall be binding upon and inure to the benefit of the parties, their respective legal representatives, and any "Successor" of the Company, which shall be deemed substituted for the Company under the terms of this Agreement.

As used in this Agreement the term "Successor" shall include any person, firm, Corporation or other business entity which at any time, whether by merger purchase or otherwise, acquires all or substantially all of the Corporation's assets or business.

H. This Agreement may be revoked or amended in whole or in part by a writing signed by all of the parties hereto.

I. This Agreement shall be subject to and construed under the laws of the State of North Carolina.

IN WITNESS THEREOF, the said Bank has caused this Agreement to be signed in its Corporate name by its duly authorized officer, and impressed with the Corporate seal, attested by its Secretary, and the said Employee has hereunto set his hand and seal, all on the day and year first above written.

Taylorsville Savings Bank, SSB

ATTEST:

Secretary
(Corporate Seal)

By: _____ (Seal)
President

WITNESS:

(Seal)
Employee